

Message Text

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ACTION EUR-12

INFO OCT-01 IO-14 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-07 FRB-01 H-02 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-02 EPG-02 AID-05
SS-15 STR-04 ITC-01 TRSE-00 USIA-15 PRS-01 SP-02
FEAE-00 OMB-01 /110 W
-----021915Z 040513 /50

R 021728Z JUN 77
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 0035
INFO ALL EC CAPITALS
AMEMBASSY PARIS
USMISSION GENEVA

UNCLAS SECTION 01 OF 02 BRUSSELS 05600

USEEC

PASS AGRICULTURE ELECTRONICALLY
GENEVA ALSO FOR USMTN
PARIS ALSO FOR USOECD

E.O. 11652: N/A
TAGS: EAGR, EEC
SUBJ: MCA'S ON BOUND PRODUCTS

1. SUMMARY: MCA'S HAVE THE SAME EFFECT AS IMPORT
SUBSIDIES IN MOST MEMBER STATES; ONLY IN GERMANY
DO THEY CONSTITUTE A SIGNIFICANT ADDITIONAL IMPORT
CHARGE. MCA'S CURRENTLY APPLY TO THE ITEMS CITED
IN REF. A AS WELL AS SEVERAL ADDITIONAL ITEMS BOUND
IN GATT. IN MAKING MOST OF THESE BINDINGS, THE EC
HAS RESERVED THE RIGHT TO APPLY A VARIABLE CHARGE
REFLECTING THE DIFFERENCE BETWEEN COMMUNITY AND
WORLD RAW MATERIAL PRICES. THE DATE OF APPLICATION
OF MCA'S TO NEWLY-COVERED PRODUCTS, SOME OF WHICH
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ARE GATT-BOUND, HAS BEEN POSTPONED FROM MAY 23 TO
JULY 4 1977. END SUMMARY.

2. THE ITEMS LISTED IN REF. A ARE ALL BOUND IN
GATT AND ARE ALL SUBJECT TO MONETARY COMPENSATORY
AMOUNTS (MCA'S). IN ADDITION, OUR REVIEW INDICATES
THAT THE FOLLOWING BOUND ITEMS ARE ALSO CURRENTLY

SUBJECT TO MCA'S: (WE HAVE LISTED ONLY THE GENERAL
TARIFF HEADING BELOW. FOR A COMPLETE LIST OF ITEMS
SUBJECT TO MCA'S, THE READER SHOULD REFER TO EC
REGULATION NO. 937/77.)

BINDING

CXT NO.	DESCRIPTION	OBTAINED IN
16.02 B III B	PREPARED BOVINE MEAT OR	DILLON ROUND
1 AA)	OFFALS	
18.06 D	CHOCOLATE FOOD PREPARATIONS	DILLON ROUND
	AND KENNEDY	
	ROUND	
21.07 D, F	MISCELLANEOUS FOOD PREPARA-	KENNEDY ROUND,
	TIONS	ALSO XXIV:6
	FOR 21.07 D II	
35.05 A	DEXTRINS; SOLUBLE OR	KENNEDY ROUND
	ROASTED STARCHES	

3. THE EXTENSION OF THE MCA SYSTEM EFFECTED BY REGULA-
TION NO. 800/77 (REF. B) WHICH GIVES A COMPLETE LIST OF
THE ITEMS OUTLINED BELOW INCLUDES THE FOLLOWING BOUND
ITEMS:

BINDING

CXT NO.	DESCRIPTION	OBTAINED IN
18.06 B, C	CHOCOLATE FOOD PREPARATIONS	DILLON ROUND
	AND KENNEDY ROUND	
19.08 B	PASTRY, BISCUITS, FULL	DILLON ROUND
	BAKERS WARE, ETC. (OTHER	AND KENNEDY
	THAN GINGERBREAD)	ROUND

21.07 C MISCELLANEOUS FOOD PREPARA- KENNEDY ROUND
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TIONS

4. WITH REGARD TO ITEMS FALLING UNDER CXT NOS. 18.06,
19.08 B, 21.07 AND 35.05 A, BINDINGS GRANTED IN THE
KENNEDY ROUND APPLIED TO THE FIXED DUTY BUT THE
COMMUNITY RESERVED THE RIGHT TO CONTINUE TO IMPOSE A
VARIABLE CHARGE, OVER AND ABOVE THE FIXED DUTY, BASED
ON THE DIFFERENCE BETWEEN RAW MATERIAL PRICES IN THE
EC AND ON THE WORLD MARKET. HOWEVER, AN UNQUALIFIED
BINDING OF 27 PERCENT ON PRODUCTS FALLING UNDER
CXT 18.06 (EXCEPT FOR COCOA POWDER--18.06 A) WAS
OBTAINED IN THE DILLON ROUND. SIMILARLY, UNQUALIFIED
BINDINGS OF 35 AND 30 PERCENT, RESPECTIVELY, WERE
OBTAINED ON SWEETENED COOKIES AND CRACKERS AND
UNSWEETENED CRACKERS FALLING UNDER CXT 19.08 IN THE
DILLON ROUND.

5. SINCE REF. B WAS TRANSMITTED, TWO AMENDMENTS TO
REGULATION NO. 800/77 HAVE BEEN ADOPTED. COMMISSION

REGULATION NO. 1051/77 (OFFICIAL JOURNAL NO. L 125 OF 5/19/77) POSTPONED THE DATE OF APPLICATION OF REGULATION 800/77 FROM MAY 23 TO JULY 4, 1977. COMMISSION REGULATION NO. 1123/77 (OFFICIAL JOURNAL NO. L 134 OF 5/28/77) INTRODUCED TRANSITIONAL MEASURES AIMED AT PREVENTING SPECULATIVE TRADE IN THE NEWLY-COVERED PRODUCTS FOR THE PURPOSE OF PROFITING FROM THE APPLICATION OF MCA'S; IT PLACES STRICT CONDITIONS ON THE PAYMENT OF MCA'S AS IMPORT OR EXPORT SUBSIDIES FOR THESE PRODUCTS UNTIL AUGUST 29, 1977.

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SS-15 STR-04 ITC-01 TRSE-00 USIA-15 PRS-01 SP-02
FEAE-00 OMB-01 /110 W
-----021915Z 040547 /50

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6. IN CONSIDERING THE APPROPRIATENESS OF REOPENING OUR COMPLAINT AGAINST EC APPLICATION OF MCA'S TO GATT-BOUND ITEMS (SEE REFS. C AND D FOR THE LAST PREVIOUS REPORTS ON THIS ISSUE), WASHINGTON SHOULD TAKE INTO ACCOUNT THAT MCA'S APPLY AS IMPORT TAXES ONLY IN GERMANY AND THE BENELUX COUNTRIES (IN THE LATTER THEY ARE OF MINIMAL IMPORTANCE). IN THE UNITED KINGDOM, IRELAND, ITALY AND FRANCE, MCA'S ARE APPLIED AS IMPORT SUBSIDIES ON THIRD COUNTRY TRADE. ALSO NOTE THAT MCA'S ON WINE APPLY ONLY TO FRANCE AND ITALY; THUS, THEY ARE ALWAYS APPLIED AS IMPORT SUBSIDIES VIS-A-VIS THIRD COUNTRIES. SO, UNLESS MCA'S ARE CREATING REAL TRADE PROBLEMS FOR SPECIFIC PRODUCTS, IT MAY NOT BE TO OUR ADVANTAGE TO RAISE OBJECTIONS. HINTON

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